

Department of Finance

Analyst: Freeman

Historical Summary

OPERATING BUDGET	FY 2000 Actual	FY 2001 Actual	FY 2002 Approp	FY 2003 Request	FY 2003 Gov Rec
BY FUND CATEGORY					
Dedicated	2,867,500	3,025,600	3,363,900	3,382,200	3,349,600
Percent Change:		5.5%	11.2%	0.5%	(0.4%)
BY OBJECT OF EXPENDITURE					
Personnel Costs	2,183,900	2,247,300	2,579,200	2,612,800	2,589,300
Operating Expenditures	634,200	699,500	662,700	682,700	673,600
Capital Outlay	49,400	78,800	122,000	86,700	86,700
Total:	2,867,500	3,025,600	3,363,900	3,382,200	3,349,600
Full-Time Positions (FTP)	43.00	43.00	43.00	43.00	43.00

Department Description

The Department of Finance regulates the enterprises in this state that provide financial services to Idaho consumers. It protects Idaho consumer buyers and borrowers against unfair lending and collection practices, and protects Idaho investors against deceptive and fraudulent investment practices.

The department is given broad discretionary authority to charter and regulate the activities of banks, bank holding companies, business and industrial development corporations, credit unions, trust companies, and savings and loan associations. The department examines the books, records and operations of these institutions' assets, operations, and management to determine what actions the state will take to assure the safety of funds of Idaho citizens. (Idaho Code § 67-2701)

The Department of Finance is the licensing authority for regulated lenders, collection agencies and retail sellers of goods and services extending credit to their customers, securities issuers, broker/dealers, salesmen, investment advisers, endowed care cemeteries and continuing care providers. Licensing and regulation of these activities includes the review of securities offerings to ensure full disclosure, and examination of the books, records and business practices for compliance with state and federal laws, rules and regulations. The Commodity Code gives the department enforcement authority to detect and prevent commodity scams. The Mortgage Company Act grants authority to resolve mortgage related consumer complaints. The department issues rulings in connection with attempts by corporations to acquire control of publicly held Idaho corporations pursuant to purchases of a controlling number of the equity securities.

The department administers and enforces the Bank Act, Savings and Loan Act, Mortgage Company Act, Business and Industrial Development Corporation Act, Credit Union Law, Idaho Credit Code, Securities Act, Commodity Code, Corporate Take-Over Laws (Idaho Control Share Acquisition Act, Idaho Business Combination Law), Collection Agency Law, Residential Mortgage Practices Act, Continuing Care Disclosure Act, and the Endowed Care Cemetery Act.

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Comparative Summary

Decision Unit	AGENCY REQUEST		GOVERNOR'S REC	
	General	Total	General	Total
FY 2002 Original Appropriation	0	3,363,900	0	3,363,900
Removal of One-Time Expenditures	0	(154,000)	0	(154,000)
FY 2003 Base	0	3,209,900	0	3,209,900
Personnel Cost Rollups	0	10,100	0	10,100
Inflationary Adjustments	0	9,100	0	0
Replacement Items	0	108,700	0	108,700
Nonstandard Adjustments	0	20,900	0	20,900
Change in Employee Compensation	0	23,500	0	0
FY 2003 Total	0	3,382,200	0	3,349,600
Change from Original Appropriation	0	18,300	0	(14,300)
% Change from Original Appropriation		0.5%		(0.4%)
Change in FTP's		0.00		0.00

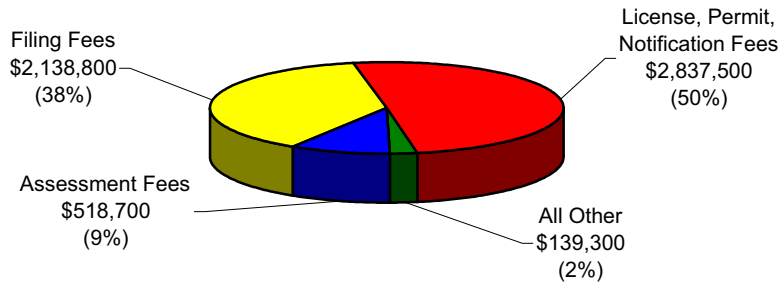
Department of Finance

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Budget by Decision Unit	FTP	General	Dedicated	Federal	Total
FY 2002 Original Appropriation					
	43.00	0	3,363,900	0	3,363,900
Removal of One-Time Expenditures					
Remove funding provided for one-time items.					
Agency Request	0.00	0	(154,000)	0	(154,000)
Governor's Recommendation	0.00	0	(154,000)	0	(154,000)
FY 2003 Base					
Agency Request	43.00	0	3,209,900	0	3,209,900
Governor's Recommendation	43.00	0	3,209,900	0	3,209,900
Personnel Cost Rollups					
Includes the employer portion of estimated changes in employee benefit costs.					
Agency Request	0.00	0	10,100	0	10,100
Governor's Recommendation	0.00	0	10,100	0	10,100
Inflationary Adjustments					
Includes a general inflationary increase of 1.7% in operating expenditures.					
Agency Request	0.00	0	9,100	0	9,100
<i>The Governor recommends no increase for inflation.</i>					
Governor's Recommendation	0.00	0	0	0	0
Replacement Items					
Replacement capital outlay: ten PCs (\$45,000), upgrades to data management system hardware (\$21,700), and one vehicle (\$20,000).					
Replacement operating expenses: software upgrades (\$22,000).					
Agency Request	0.00	0	108,700	0	108,700
Governor's Recommendation	0.00	0	108,700	0	108,700
Nonstandard Adjustments					
Reflects an adjustment in Attorney General, Controller and Treasurer fees pursuant to the Statewide Cost Allocation Plan.					
Agency Request	0.00	0	20,900	0	20,900
Governor's Recommendation	0.00	0	20,900	0	20,900
Change in Employee Compensation					
Reflects the cost of a 1% salary increase for permanent and group positions.					
Agency Request	0.00	0	23,500	0	23,500
<i>The Governor recommends state employee compensation increases to be made from salary savings.</i>					
Governor's Recommendation	0.00	0	0	0	0
FY 2003 Total					
Agency Request	43.00	0	3,382,200	0	3,382,200
Governor's Recommendation	43.00	0	3,349,600	0	3,349,600
Agency Request					
Change from Original App	0.00	0	18,300	0	18,300
% Change from Original App	0.0%		0.5%		0.5%
Governor's Recommendation					
Change from Original App	0.00	0	(14,300)	0	(14,300)
% Change from Original App	0.0%		(0.4%)		(0.4%)

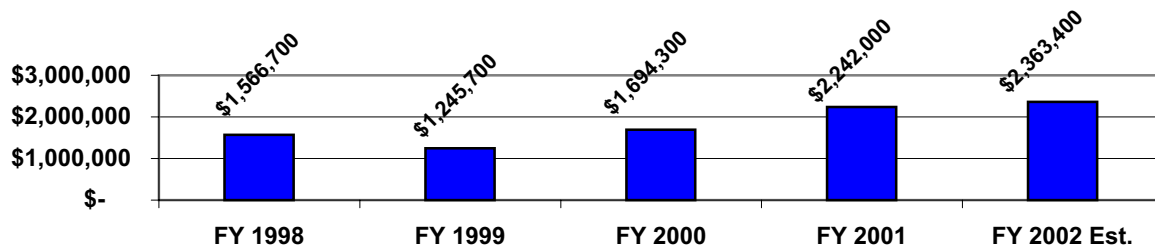
FY 2002 Actual Revenues

Total - \$5,634,300



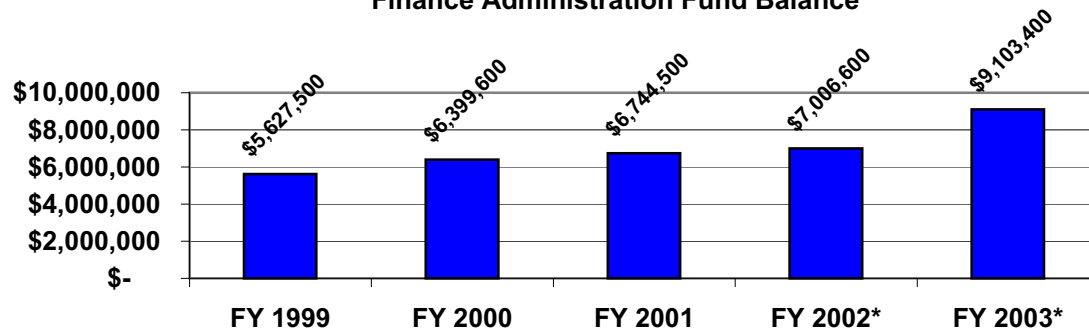
Transfers to General Fund*

FY 1998 - FY 2002



*At the beginning of each fiscal year, those moneys in the finance administrative account which exceed the current year's appropriation plus any residual encumbrances made against the prior year's appropriations by 25% or more shall be transferred to the general fund. (Idaho Code §67-2702)

Finance Administration Fund Balance

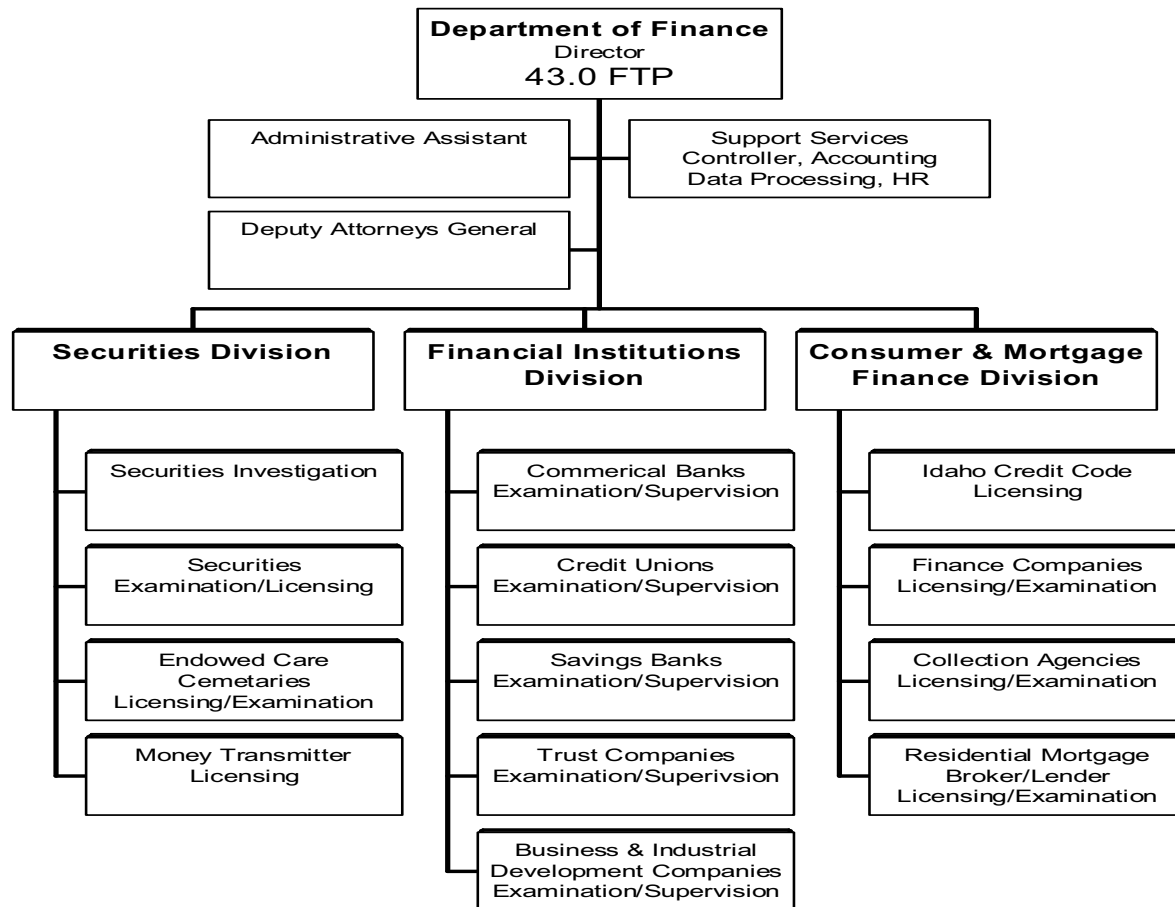


* Figures are based on revenue projections for FY 2002 & FY 2003 and original agency budget request for FY 2003.

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Issues & Information

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Performance Measures

Selected Measures	FY00	FY01	FY02 Est.	FY03 Est.
1. Examine state chartered/licensed financial institutions.				
a. Examine banks.	24	27	34	30
b. Examine savings & loans.	3	0	0	0
c. Examine credit unions.	39	41	50	50
d. Examine collection agencies.	50	35	45	50
2. License individuals and firms desiring to conduct business of a financial nature in Idaho.				
a. Money transmitters.	45	40	42	42
b. Those extending consumer credit.	2,804	2,666	2,700	2,800
c. Collection agencies (permit renewals).	344	416	450	475
d. Solicitors/Collectors.	6,200	25,789	26,000	27,000
e. Securities broker/dealers.	1,533	1,585	1,600	1,650
f. Securities salesmen agents.	58,097	63,819	65,000	66,000
g. Securities investment advisors.	492	553	575	600
h. Securities investment advisor agents.	287	360	375	400
i. Residential mortgage broker/lenders.	1,108	1,044	1,100	1,100